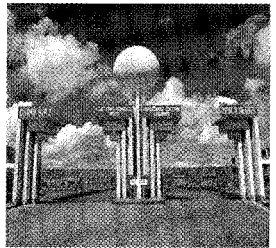


VAST POTENTIAL FOR BUSINESS

Opportunities abound for Malaysian investors in Bangladesh, ranging from sectors like power generation, healthcare, telecommunication and infrastructure to relocation of labour intensive manufacturing.



Dhaka Export Processing Zone

By Ishun P Ahmad

BANGLADESH is a country screaming with opportunities. It has abundant skilled labour force with a growing population of 140 million people.

Total labour amounts to a whopping 60 million, with the agriculture sector employing more than 60% of the labour force. Just like China, labour is cheap. Its growing middle-class is huge.

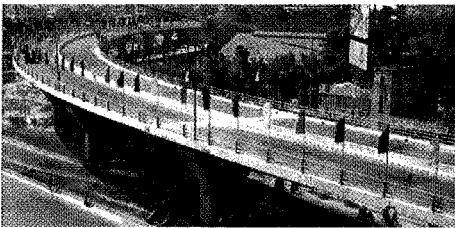
Its economy has become stronger, with a higher robust growth of gross domestic product (GDP) of 6.8% this year compared to 5.5% in 2005.

Boosted by strong foreign direct investment (FDI) and vast business potential in key sectors like power generation and infrastructure, Bangladesh's accelerated economic growth is expected to continue for at least the next few years.

Its business-friendly government is

another main driver of the country's growth. Elected by a landslide election victory in October 2001, the BNP-led four party alliance government has carried out tremendous reforms to rejuvenate Bangladesh's economy. This has been made possible through various initiatives that helped to restore discipline in the economic and banking sectors.

U S - b a s e d investment banker and securities firm Goldman Sachs, in a recent report on the world's potential economies, has



Flyover in Dhaka city

placed Bangladesh on the next 11 list of a key member.

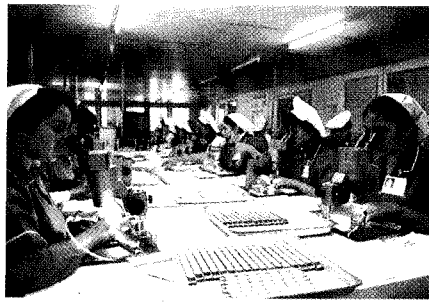
The next 11 list describes the BRICs economies with high growth potential, such as countries like Brazil, Russia, India and China. Comparing the 22 economies of the G7 countries, BRIC and the next 11, Goldman Sachs said Bangladesh will grow faster than predicted earlier.

The criteria for the next 11 list includes macroeconomic stability, political maturity, openness of trade and investment policies and quality of education.

There are enormous business opportunities for Malaysian investors in Bangladesh ranging from sectors like power generation, healthcare, telecommunication, infrastructure to relocation of labour intensive manufacturing industries.

There has been tremendous interest in the power generation industry, especially from investors in China and India. This is one of the industries that is growing rapidly due to the growing electricity needs of Bangladesh.

Malaysia plays a vibrant role in the ever expanding economy of Bangladesh. Malaysia is the fifth largest investor in Bangladesh, with a total investment of US\$1.34 billion registered with BOI during the period 1991 to 2003. The year 2004 also attracted Malaysian investments worth US\$45 million.



An electronic company in EPZ

equipment to Bangladesh's People Telecommunication & Information Services Ltd.

Apart from the traditional sectors mentioned above, Malaysian investors should also look at opportunities in the banking and finance sector.

Malaysians have yet to invest in Bangladesh's finance and banking sector. Malaysia can contribute a lot to this sector through its vast and leading Islamic banking experience.



First Bangladesh - Malaysia Business Forum 2004 in Dhaka

Telecommunication, power sector, LPG bottling, automotive, textile, mosquito coil and construction are major sectors of Malaysian investors in Bangladesh. TM International (Bangladesh) and Westmont Power Bangladesh Ltd are the two major Malaysian investors.

Some of the other Malaysian investors in Bangladesh include KPJ Healthcare Bhd that has a joint venture hospital project in Dhaka; DunhamBush Industries Sdn Bhd which is involved in a construction project to build a shopping and commercial centre and Cape Range Wireless Malaysia Sdn Bhd that has a contract to supply telecom

Another interesting and vastly untapped sector is the agro-based industry. The country produces a variety of fruits and agricultural products while its marine resources remain grossly untapped.

Malaysian investors can excel in this sector through their good branding expertise and food technology. As agro-based industry is one of the priority sectors in Bangladesh, investors also stand to benefit from various incentives given to promote and expand this sector.

Agriculture accounts for more than 20 per cent of Bangladesh's GDP and employs over 60 per cent of its total workforce.

On the food industry, Malaysian investors could also procure halal items from Bangladesh as Malaysia aspires to become a halal hub.

Bangladesh has abundant halal items. Malaysia could buy these items, re-brand and re-export them as Malaysia's halal brand is known worldwide.

Another area of investment is the relocation of labour intensive businesses and operations to Bangladesh. The logic is simple, abundant cheap labour.

Investors are starting to recognise this potential, with a Malaysian garment manufacturer, Whitex Garment Sdn Bhd, recently relocating its factory from Brunei to Bangladesh.

Investors can relocate their industries to the seven Export Processing Zones (EPZs) in Bangladesh while one more is expected to come on stream soon. The Chittagong EPZ and the Dhaka EPZ have already attracted a wide range of investors.

Another five EPZs – recently opened Adamjee EPZ in Narayanganj, Mongla EPZ, a southern port city of Bangladesh; Comilla EPZ, situated between Dhaka and Chittagong; Ishwardi EPZ, near the Jamuna Bridge; and Nilphamari, named Uttara EPZ near Syedpur Airport – have already started operations.

Some of the incentives given to the industries in the EPZ include a 10-year tax holiday, 30% cash incentives for agro-based industries, duty free import of construction materials, exemption from dividend tax, and relief from double taxation.

It is interesting to note that foreign investors are also allowed to own 100% equity in the EPZs and are free to fully repatriate their capital and dividends.

Investors can look at Bangladesh as an entry point to a bigger market due to the country's free trade agreement with seven countries in the Indian subcontinent like India, Pakistan and Sri Lanka.

Duties are planned to be reduced to 5% in 2013 for these markets. Investors can also be benefited from Bangladesh's quota free access to the US, European Union (EU), Canada, Australia, Japan, Norway and other countries. 